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ASSET PURCHASE AGREEMENT

Between

LONE STAR INDUSTRIES, INC.

and

ASH GROVE CEMENT COMPANY

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ASSET PURCHASE AGREEMENT

AGREEMENT dated as of January 25, 1984, between LONE STAR INDUSTRIES, INC., a Delaware corporation ("Seller"), and ASH GROVE CEMENT COMPANY, a Delaware corporation ("Buyer").

WHEREAS, Seller desires to sell and Buyer desires to purchase the assets described in Exhibit I attached hereto (the "Purchased Assets") all upon the terms and conditions hereinafter set forth,

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter contained, the parties agree as follows:

1. TRANSFER OF THE PURCHASED ASSETS AND CERTAIN RELATED TRANSACTIONS.

1.1 Transfer of Purchased Assets. Subject to the terms and conditions hereof, Seller shall sell, transfer, convey, assign and deliver to Buyer and Buyer shall purchase, accept and pay for at the Closing (as hereinafter defined) the Purchased Assets as such are constituted on the date hereof with only such changes as are permitted by this Agreement.

(The ownership and operation of the Purchased Assets for their intended use in the conduct of a portland cement business and related activities is herein sometimes referred to as the "Business" and the Purchased Assets located in Seattle, Washington, are sometimes referred to herein as the "Seattle Plant.")

1.2 Calculation of Purchase Price. The purchase price payable by Buyer to Seller for the Purchased Assets (and the covenants of Seller herein) shall consist of the aggregate of the following:

1.2.1 For the Purchased Assets except the inventories specified in Sections 1.2.2 and 1.2.3, Twenty Three Million Dollars (\$23,000,000); and

1.2.2 For merchantable inventories of finished goods (bag and bulk cement), work-in-process (clinker), raw materials (silica sand, limerock, gypsum, etc.), packages and containers (other than sacks with Seller's name, trade-name or trademark imprinted thereon) and fuel (coal and diesel fuel), the lower of Seller's cost or market value, determined separately for each type of product or material in such inventories (the aggregate of such amounts being herein sometimes referred to as the "Inventories Purchase Price"). For purposes of calculating the Inventories Purchase Price, the parties shall cause a physical inventory to be conducted jointly as of the close of business on the day next preceding the Closing Date (as hereinafter defined). The cost of such inventories shall be evidenced to Buyer by invoices or other similar documents and shall be determined in accordance with Seller's customary accounting practices, procedures and methods. The market value for each type of cement inventory will be based on Seller's weighted average net realized mill base prices for sales from the Seattle Plant, excluding sales

through Seller's Portland, Oregon, distribution terminal, for the last full calendar month before the Closing Date. In order to obtain market value, the net realized mill base prices will be reduced for shipping (packing and loading) costs from the Seattle Plant by the following amounts:

Bulk Cement - Type I-II	\$1.83 per ton
Bulk Cement - Type III	\$1.83 per ton
Bulk Cement - Oil Well	\$1.56 per ton
Sacked Cement - Domestic	
Type I-II	\$1.91 per ton
Type III	\$1.91 per ton
Masonry	\$1.91 per ton
Sacked Cement - Export	
(Alaska, Etc.)	
Type I-II	\$1.91 per ton
Type III	\$1.91 per ton
Masonry	\$1.91 per ton

The market value of the clinker inventory will be determined as follows:

1. The total tonnage of clinker inventory shall be increased 5.26% to reflect the estimated tonnage of salable cement available from the finish grinding process.
2. The resulting tonnage will be valued as if it constituted finished cement inventory by the method set forth above assuming that the various types of cement would be produced in the same relative proportions as those sold during 1983 by the Seattle Plant.
3. The resulting value will be reduced to a market value for clinker by subtracting finish grinding costs of \$5.88 per ton in the case of Type I-II, \$8.29 in the case of Type III and

\$5.40 in the case of oil well cement. For that portion of the clinker inventory valued as if it is to become sacked cement, there shall be a further reduction of \$17.24 per ton to reflect the costs of bagging and loading on pallets.

Market values of other merchantable inventories included in the Inventories Purchase Price shall be determined based upon the then current average delivered cost of obtaining like inventories at the Seattle Plant in quantities generally purchased by the Seattle Plant on regular price and delivery terms.

1.2.3 For the inventories of spare parts (other than "Surplus Items" as hereinafter defined), the sum of \$88,000.

1.3 Payment of Purchase Price. The amounts described in Section 1.2 shall be paid by Buyer to Seller as follows:

At the Closing, Buyer shall cause to be delivered to Seller funds immediately available for disbursement in the amount of Twenty-Three Million Dollars (\$23,000,000) plus \$88,000 for spare parts inventories plus 90 percent of the value of inventories of finished goods, work-in-process, raw materials, packages, containers and fuel as reflected on Seller's books on the Closing Date. Promptly after the determination of the Inventories Purchase Price (which the parties agree shall be within five business days after the Closing Date) Buyer or Seller, as the case may be, shall pay the other in cash the difference between the Inventories Purchase Price and said 90 percent.

1.4 Assignment of Seller's Contracts, Etc. At the Closing, Seller shall deliver to Buyer an instrument or instruments, in form and substance reasonably satisfactory to Buyer, whereby Seller transfers and assigns to Buyer all of Seller's right, title and interest in the contracts, permits and other intangible assets and rights described in Exhibit II (except to the extent said Exhibit II indicates they are not to be assigned or are not freely transferable in which event Seller will seek the required consents) and Buyer shall deliver to Seller an undertaking, in form and substance reasonably satisfactory to Seller, whereby Buyer assumes and agrees to observe, perform and fulfill the terms and conditions to be observed, performed and fulfilled by Seller under all executory agreements described in Exhibit II that are duly assigned to Buyer hereunder to the extent such executory agreements call for performance on or subsequent to the Closing Date, which executory agreements are identified in Exhibit II as to be assumed; provided, however, that assumption of rail car leases shall be at the option of Buyer. The agreements identified in Exhibit II as to be assumed by Buyer are the only contracts, agreements or commitments of any nature that Buyer shall be required to assume, except that Buyer shall assume executory contracts for the sale of cement (FOB Seattle Plant) provided that such contracts (i) are entered into between the date hereof and the Closing Date in the ordinary course of business consistent with past practice, (ii) relate to not more than

25,000 tons of cement in the aggregate, (iii) are, by their terms, to be wholly performed not later than 360 days after the Closing Date, (iv) are on usual and customary trade terms with customers who meet Seller's usual credit standards for similar sales and (v) are at prices which, at the respective dates such contracts are entered into, are not materially less than the then prevailing market price in the Seattle area.

1.5 Instruments of Conveyance and Transfer, Etc. At the Closing Seller shall deliver to Buyer:

1.5.1 Deeds, Bills of Sale, Assignments, Etc.

Such deeds and bills of sale, assignments and other good and sufficient instruments of transfer, conveyance and assignment, in form and substance reasonably satisfactory to Buyer and its counsel, as shall be effective to vest in and warrant to Buyer good and marketable title in fee simple to the real property and good title to the other Purchased Assets to be transferred, conveyed, assigned and delivered hereunder, in each case free and clear of all mortgages, pledges, charges, claims, liens and encumbrances other than those referred to in the first sentence of Section 3.3.

1.5.2 Contracts, Records, Etc. All of Seller's leases, contracts, commitments and rights which are to be assigned to Buyer hereunder with assignments thereof and all of Seller's books, records and other data relating to the Purchased Assets (except for accounting and financial records relating solely to Seller's financial statements) including,

without limitation, engineering drawings and studies and construction plans. Simultaneously with such delivery Seller shall take all steps as may be requisite to put Buyer in actual possession and operating control of the Purchased Assets.

1.6 Further Assurances. Seller shall from time to time at Buyer's request and without further consideration, execute and deliver such instruments of transfer, conveyance and assignment in addition to those delivered pursuant to Section 1.5 hereof and take such other action as Buyer may reasonably require more effectively to transfer, convey, and assign to and vest in Buyer and to put Buyer in possession of any property to be transferred, conveyed, assigned and delivered hereunder.

1.7 Option and Lease. At the Closing, Seller shall execute and deliver to Buyer an option substantially in the form of Exhibit III hereto and Buyer and Seller shall enter into a lease substantially in the form of Exhibit IV hereto.

1.8 Access to Records. After the Closing Date, Buyer shall afford Seller reasonable access to the books, records and other data to be transferred hereunder and shall not dispose of any of them within three years after the Closing Date without first offering them to Seller.

2. CLOSING.

Subject to the terms and conditions of this Agreement, the closing of the transactions provided for in Section 1 hereof (the "Closing") shall take place at the offices of

Bogle & Gates in Seattle, Washington at 10:30 a.m. local time on the later of (i) March 15, 1984, or (ii) the fifth day following the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (or if not a business day, the first business day following said fifth day) or such other place and time as may be mutually agreed upon (the "Closing Date"); provided, however, that if said expiration occurs between March 26, 1984, and March 30, 1984, the parties shall use their best efforts to cause the Closing to occur before April 1, 1984; and provided, further, that either party may terminate this Agreement by written notice to such effect to the other if the Closing shall not have occurred by May 1, 1984. Notwithstanding the foregoing, if the conditions precedent to the obligations of either party shall not have been satisfied (or waived in accordance with Section 13.5 hereof by the party for whose benefit the same were provided) at the Closing Date, then such party may at any time thereafter terminate this Agreement by written notice to such effect to the other. In addition to the deliveries to be made at the Closing as provided in Section 1 hereof, there shall also be delivered the opinions and other documents referred to in Sections 6 and 7 hereof.

3. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller hereby represents and warrants to Buyer as follows:

3.1 Organization and Good Standing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with the corporate power to enter into this Agreement and carry out the transactions contemplated herein. Seller is duly qualified and in good standing to transact business as a foreign corporation in the State of Washington.

3.2 Corporate Authority Relative to this Agreement;
No Violation of Agreements, Etc.

The execution, delivery and performance by Seller of this Agreement have been duly authorized by all requisite corporate action on the part of Seller. Except as expressly disclosed in any exhibit hereto, the entering into of this Agreement and the consummation of the transactions contemplated hereby do not and will not violate the provisions of Seller's Certificate of Incorporation or Bylaws or violate, constitute a default under or require the consent (other than such consents as will be obtained prior to the Closing Date) of any other person in order to prevent a default under the provisions of any note of which Seller is the maker or of any decree or order by which it is bound or of any indenture, agreement or other instrument to which Seller is a party or to which the Purchased Assets are subject or violate any law, statute or regulation applicable to Seller or the Purchased Assets (provided that Seller makes no representation as to the legality of the transactions contemplated hereby under any antitrust law, statute or

regulation) or require the consent or approval of or any filing with any governmental authority (other than under the Hart-Scott-Rodino Antitrust Improvements Act of 1976).

3.3 Title to Properties; Absence of Liens and Encumbrances; Disclaimer of Implied Warranties.

With regard to the Purchased Assets, Seller has good and marketable title to all of the real properties in fee simple and good title to all other properties in each case free and clear of all mortgages, pledges, liens, charges and other encumbrances except (a) the liens of current taxes not yet due and payable, and (b) the Special Exceptions noted on Schedule B to the preliminary title report No. A-315181 dated December 21, 1983, as modified by supplemental report dated December 21, 1983, and under the heading "Subject to" on updated and amended preliminary title report No. AK3-7619 dated December 18, 1983, heretofore delivered to Buyer by Seller with respect to the real property and (c) such immaterial exceptions as would be disclosed by a survey which do not and will not materially interfere with the use of the Purchased Assets in the ordinary course of the Business. Buyer hereby acknowledges that it has had an opportunity to examine the Purchased Assets (including all machinery, equipment, facilities, and inventories) and further acknowledges that, except for the express representations and warranties of Seller herein, the same are sold "AS IS" and "WHERE IS," Seller disclaiming all implied warranties with respect thereto.

3.4 Material Contracts. Exhibit II hereto lists and briefly describes all "Material Contracts" (as hereinafter defined) affecting the Purchased Assets, true and correct copies of each of which have heretofore been delivered to Buyer. Each Material Contract is in full force and effect and, except as set forth in such exhibit, embodies the complete understanding between the parties thereto with respect to the subject matter thereof. Except as expressly set forth in such exhibit, (i) there exists no material default or claim thereof by any party to any Material Contract, (ii) there are no facts or conditions known to Seller which, if continued or noticed, would result in a material default under any Material Contract, (iii) Seller has not received any notice that any person intends to cancel, modify or terminate any Material Contract, or to exercise or not to exercise any options thereunder, (iv) each Material Contract is a valid and binding agreement enforceable in accordance with its terms (subject to the effect of bankruptcy and similar laws affecting creditors' rights generally and of equitable principles), and (v) no consent or approval of the other parties to any Material Contract is required for the consummation of the transactions contemplated herein. An agreement, mortgage, indenture, note, deed of trust, purchase order, instrument, arrangement, understanding, commitment, undertaking or lease, whether or not in writing, shall be deemed to be a "Material Contract" if it involves, relates to or affects the Purchased Assets or the Business and

(i) it involves, or may be reasonably expected to involve, the payment or receipt of \$25,000 or more (whether in cash or in goods or services of an equivalent value) over its term, including renewal options, (ii) it imposes restrictions on the conduct of the Business, (iii) it was not made in the ordinary and usual course of business consistent with past practice, (iv) it is a continuing contract for the purchase, sale or distribution of materials, supplies, equipment, services or products, or (v) the Business is materially dependent upon it.

3.5 Litigation. Except as expressly set forth in any exhibit hereto there are no actions, suits or proceedings pending or to the knowledge of Seller threatened against or directly affecting the Purchased Assets or the Business at law or in equity or admiralty or before or by any federal, state, municipal or other governmental department, commission, board, agency or instrumentality and Seller is not subject to any order, writ, injunction, or decree of any court, domestic or foreign or any federal agency or instrumentality or any state, municipal or local department, commission, board, agency or instrumentality directly affecting the Purchased Assets or the Business.

3.6 No Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Seller directly with Buyer without the intervention of any person as the result of any act of Seller (and so far as known to Seller without the intervention of any

other person) in such manner as to give rise to any valid claim against either of the parties hereto for a brokerage commission, finder's fee, or other like payment.

3.7 Permits, Licenses and Franchises. Except as expressly set forth in any exhibit hereto (a) Seller has all permits, licenses, franchises, and other authorizations necessary to and has complied with all laws applicable to the conduct of the Business and all such permits, licenses, franchises and authorizations are valid and in full force and effect, and (b) Seller has not engaged in any activity which would cause revocation or suspension of any such permits, licenses, franchises or authorizations and no action or proceeding looking to or contemplating the revocation or suspension of any thereof is pending or to the knowledge of Seller threatened. The exceptions to the representations and warranties in this Section 3.7 set forth in any exhibit to this Agreement do not have a material adverse effect on the conduct of the Business. To the knowledge of Seller, Exhibit II hereto lists all permits, licenses, franchises and authorizations necessary to the conduct of the Business.

3.8 Absence of Liabilities. Except for
(i) obligations under Material Contracts expressly identified on Exhibit II hereto as contracts to be assumed by Buyer
(ii) obligations under contracts (which are not Material Contracts) which Buyer elects to assume or the benefits of which Buyer elects to receive, (iii) the obligations of Buyer

hereunder and (iv) the obligation of Buyer to comply with laws and regulations applicable to the ownership and operation of the Purchased Assets after the Closing Date, the Purchased Assets are not subject to and Buyer will not, as a result of its acquisition of the Purchased Assets, incur or become subject to any liability or obligation of whatever nature, whether accrued, absolute, contingent or otherwise.

3.9 Property of Others, Etc. The conduct of the Business in the ordinary course is not materially dependent upon the right to use the property of others, except under valid and binding agreements identified in Exhibit II. To the best of Seller's knowledge, the Purchased Assets do not encroach upon the property of others. The Purchased Assets include all utility connections, and the right to use the same, necessary for the conduct of the Business in the ordinary course and said utilities are available under public rights of way or easements benefitting the Purchased Assets or the public. The Purchased Assets are all the assets necessary for the conduct in the ordinary course of a portland cement manufacturing business (it being understood that Seller has conducted its administrative functions and its cement testing operations at other facilities the assets of which are not included among the Purchased Assets). With regard to the Purchased Assets, except as set forth in any exhibit hereto, Seller has not received notice of violation of any applicable zoning regulation, ordinance or other law, order, regulation or

requirement. To the knowledge of Seller, without having made any special investigation, there is no pending or threatened change in any zoning or other regulation, ordinance, or law applicable to the Purchased Assets or any pending or threatened condemnation proceedings relating to the Purchased Assets.

3.10 Patents and Trade Secrets. The use and operation of the Purchased Assets in the ordinary course of business does not infringe upon any patent. No trade secrets or proprietary know-how are necessary to operate the Purchased Assets in their intended use.

3.11 Employees. Seller has heretofore delivered to Buyer a list of all employees, salaried and hourly, employed at the Seattle Plant, which list correctly sets forth the name, position and rate of base compensation of each such employee. Except as expressly described in Exhibit II, there are no agreements or arrangements relating to employment or the terms or conditions of employment of any person which will be binding upon the Buyer as a result of the transactions contemplated hereby or which, if not voluntarily assumed by Buyer, would materially adversely affect the conduct of the Business. As of January 25, 1984, there are no pending, or to the knowledge of Seller threatened, material disputes with labor unions with respect to the Business.

3.12 Compliance With Laws. Except as expressly described in any exhibit hereto, Seller has not received notice of any violation of and the conduct of the Business in the

ordinary course does not violate any law, statute or regulation or order, writ, injunction or decree of any governmental body or court the violation of which would have a material adverse effect on the Purchased Assets or the conduct of the Business in the ordinary course. The Purchased Assets comply in all material respects with all applicable laws, statutes, regulations, orders, writs, injunctions and decrees including, without limitation, those regarding protection of the environment, occupational safety and health and zoning, land use and building regulations. There are no orders, writs, injunctions or decrees specifically applicable to the Purchased Assets or the conduct of the Business.

4. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer hereby represents and warrants to Seller as follows:

4.1 Organization and Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware with the corporate power to enter into this Agreement and carry out the transactions contemplated herein. At the Closing Date Buyer will be duly qualified and in good standing to transact business as a foreign corporation in the state of Washington.

4.2 Corporate Authority Relative to This Agreement;
No Violation of Agreements, Etc.

The execution, delivery and performance by Buyer of this Agreement has been duly authorized by all requisite

corporate action on the part of Buyer. The entering into of this Agreement and the consummation of the transactions contemplated hereby, do not and will not violate the provisions of Buyer's Certificate of Incorporation or Bylaws or violate, constitute a default under or require the consent of any other person in order to prevent a default under the provisions of any note of which Buyer is the maker or any decree or order by which it is bound or of any indenture, agreement or other instrument to which Buyer is a party or violate any law, statute or regulation applicable to Buyer (provided that Buyer makes no representation as to the legality of the transactions contemplated hereby under any antitrust law, statute or regulation) or require the consent or approval of or any filing with any governmental authority (other than under the Hart-Scott-Rodino Antitrust Improvements Act of 1976).

4.3 No Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Buyer directly with Seller without the intervention of any person as the result of any act of Buyer (and so far as known to Buyer without the intervention of any other person) in such manner as to give rise to any valid claim against either of the parties hereto for a brokerage commission, finder's fee, or other like payment.

5. FURTHER COVENANTS.

5.1 Access. Seller shall give to Buyer, its counsel, accountants, engineers and other representatives reasonable

access during business hours throughout the period prior to the Closing Date to all of the properties, books, contracts, commitments and records of Seller related to the Purchased Assets and Seller shall furnish Buyer during such period with all such information concerning the Purchased Assets as Buyer may reasonably request. Buyer shall treat as confidential all non-public information disclosed to it or to such counsel, accountants, engineers or other representatives by Seller in connection with this Agreement, and in the event the transactions contemplated by this Agreement are not consummated, shall return to Seller all documents and records furnished by Seller. Should Seller or its employees and agents be required to defend any action because of damage or injury related to Buyer's activity on Seller's premises Buyer shall pay all costs and reasonable attorneys' fees to defend any such persons.

5.2 Investigation. Prior to the Closing Date, Buyer may directly and through its representatives make such investigation of the Purchased Assets and the Business (including without limitation investigation of titles to property, the condition of property and equipment and confirmation of inventories) as Buyer may deem necessary or advisable. Any investigation made by Buyer shall not affect Seller's responsibility for the accuracy of its representations and warranties herein or pursuant hereto.

5.3 Conduct of Business Pending the Closing Date. Between the date hereof and the Closing Date, the Business

shall be conducted only in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, purchases of supplies and materials shall be such as to avoid exceptionally high or low levels of inventories. Pending the Closing Date, Seller shall not remove or dispose of any of the Purchased Assets except (i) products sold and supplies and materials consumed in the ordinary course of the Business consistent with past practice, (ii) items temporarily removed for service or repair, (iii) motor vehicles temporarily removed in the ordinary course of business, (iv) items which become worn out, destroyed or damaged beyond repair, and (v) "Surplus Items" (as hereinafter defined). At a mutually convenient time Erik Voldbaek (or if he is not available, another representative of Buyer; provided that Buyer shall use its best efforts to make Mr. Voldbaek available) and a representative of Seller will review the levels of stocks of the following consumable items at the Seattle Plant:

- kiln brick
- grinding media
- kiln chains
- raw mill liners
- coal mill parts
- finish mill liners
- Raymond separators
- Fuller valves

If, in the sole discretion of Mr. Voldbaek (or Buyer's other representative) the quantity of any of such consumable items on hand materially exceeds the quantity reasonably required for the future needs of the Seattle Plant, then Mr. Voldbaek (or

Buyer's other representative) may designate the excess as "Surplus Items" which may be removed by Seller at any time not later than 30 days after the Closing Date.

5.4 Allocation of Purchase Price. The parties agree that the \$23,000,000 purchase price for the Purchased Assets other than inventories represents the total of the following amounts attributable to the indicated items:

Land at the Seattle Plant site	\$ 6,000,000
Dall Island properties	10,000
Buildings	100,000
Machinery and equipment	16,850,000
Automobiles and light trucks	25,000
Covenant not to compete	10,000
Option on Concrete property	<u>5,000</u>
	\$23,000,000

Of the \$16,850,000 purchase price for machinery and equipment, \$15,800,000 is attributable to fixtures forming a part of the real property at the Seattle Plant site.

6. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER.

All obligations of Buyer under this Agreement are subject to the satisfaction (or waiver pursuant to Section 13.5) at the Closing Date of each of the following conditions:

6.1 Seller's Representations True at Closing;
Performance by Seller.

The representations and warranties of Seller contained in this Agreement shall be true and correct in all respects as if made at and as of the Closing Date; Seller shall have performed and complied with all agreements and conditions

required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

6.2 Delivery of Consents. There shall have been delivered to Buyer such consents as may be necessary to the valid assignment to Buyer of all Material Contracts and other material rights, assets or properties to be transferred, conveyed, assigned and delivered by Seller to Buyer pursuant to Section 1 hereof; and Buyer shall have obtained those licenses, permits, franchises and authorizations the absence of which would have a material adverse effect on the conduct of the Business.

6.3 Opinion of Counsel for Seller. Buyer shall have been furnished with an opinion of Kaplan, Strangis and Kaplan, P.A., counsel for Seller, reasonably satisfactory in form and substance to Buyer, dated the Closing Date and addressed to Buyer, to the effect that:

(a) Organization and Good Standing of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with the corporate power to enter into and carry out the transactions contemplated herein. Seller is duly qualified and in good standing to transact business as a foreign corporation in the State of Washington.

(b) Corporate Authority Relative to this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the

part of Seller; and the execution, delivery and performance of this Agreement do not and will not violate any provisions of the Certificate of Incorporation or Bylaws of Seller or violate, constitute a default under or require the consent (other than consents which have been obtained) of any other person in order to prevent a default under the provisions of any note known to such counsel of which Seller is the maker or the provisions of any decree or order known to such counsel by which Seller is bound or the provisions of any indenture, agreement or other instrument known to such counsel to which Seller is a party or to which the Purchased Assets are subject, or violate any law, statute or regulation applicable to Seller or the Purchased Assets (provided that such counsel need express no opinion as to the legality of the transactions contemplated hereby under any antitrust law, statute or regulation) or require the consent or approval of or any filing with any governmental authority (other than under the Hart-Scott-Rodino Antitrust Improvements Act of 1976).

(c) Valid and Binding Agreement. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding agreement of Seller enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy and other similar laws affecting creditors' rights generally and by equitable principles.

(d) Litigation. Except as referred to in this Agreement or in any exhibit to this Agreement such counsel does

not know of any litigation or other proceeding or investigation pending or threatened against the Purchased Assets or the Business.

(e) Validity of Instruments of Transfer. The instruments of transfer delivered by Seller at the Closing are valid in accordance with their terms and effectively vest in Buyer all right, title and interest of Seller in and to the Purchased Assets.

6.4 Litigation Affecting Closing. At the Closing Date no action, suit or other proceeding before any court or government agency shall be pending or threatened in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby or the effect of which might be to impair clear title to the Purchased Assets. Buyer shall not have been advised by its counsel that completing the transactions contemplated hereby on the Closing Date would violate the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any other applicable law or order of any court or government agency or authority.

6.5 Material Adverse Change. During the period from the date hereof to the Closing Date there shall not have been any material adverse change or any development reasonably likely to result in a prospective material adverse change in or affecting the Purchased Assets. Without limiting the generality of the foregoing, there shall not have been any

material loss, destruction, casualty or other damage affecting the Purchased Assets and there shall not have occurred any event which would materially adversely affect the continued conduct of the Business in the ordinary course. Solely for purposes of this section, loss, destruction, casualty or other damage to the Purchased Assets (individually or in the aggregate) in excess of \$1,000,000 in replacement value shall be deemed "material" and of \$1,000,000 or less shall not be deemed "material." Seller agrees that in the case of any loss, destruction, casualty or damage (whether or not material) of a nature which would be covered by fire and casualty insurance with extended coverage as generally available to the cement industry, then (unless Buyer shall elect to terminate this Agreement because of the failure of the condition in this Section 6.5) either the affected items shall be replaced with comparable items prior to the Closing Date or the purchase price hereunder shall be reduced by an amount equal to the replacement value thereof. At the Closing Date, there shall not be any pending or threatened material dispute with labor unions with respect to the Business.

6.6 Antitrust Improvements Act. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired.

6.7 Title Insurance. Buyer, at Seller's expense, shall have received policies of title insurance in ALTA Form B-1970 issued by Ticor Title Insurance Company insuring

(in the amount of \$12,000,000 in the case of the Seattle Plant and \$10,000 in the case of the Dall Island properties) fee simple title to the real property to be transferred hereunder subject only to the exceptions permitted under clauses (a) and (b) of Section 3.3 hereof and the usual printed exceptions. The Seattle Plant site shall have been surveyed by surveyors reasonably acceptable to Buyer (the costs of such survey to be shared equally by Buyer and Seller) and such survey shall not have revealed (i) any encroachment by the Purchased Assets on the property of others or by the property of others on the Seattle Plant site other than such immaterial matters as, in Buyer's reasonable judgment, do not and will not interfere with the use of the Purchased Assets in the ordinary course of the Business, or (ii) any defect in the title to the Seattle Plant.

6.8 Other Documents. Seller shall have delivered to Buyer such other documents evidencing satisfaction of the conditions to Buyer's obligations as Buyer may reasonably request.

7. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER.

All obligations of Seller under this Agreement are subject to the satisfaction (or waiver pursuant to Section 13.5) at the Closing Date of each of the following conditions:

7.1 Buyer's Representations True at Closing;
Performance by Buyer.

The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as

if made at and as of the time of the Closing Date; Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

7.2 Opinion of Counsel for Buyer. Seller shall have been furnished with an opinion of John H. Ross, III, Esq., general counsel for Buyer, reasonably satisfactory in form and substance to Seller, dated the Closing Date and addressed to Seller, to the effect that:

(a) Organization and Good Standing of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware with the corporate power to enter into and carry out the transactions contemplated hereby. Buyer is duly qualified and in good standing to transact business as a foreign corporation in the State of Washington.

(b) Corporate Authority Relative to this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of Buyer and the execution, delivery and performance of this Agreement do not and will not violate any provisions of the Certificate of Incorporation or the Bylaws of Buyer or violate, constitute a default under or require the consent (other than consents which have been obtained) of any other person in order to prevent a default under the provisions of any note known to such counsel of which Buyer is the maker or the provisions of any decree or order known to such counsel by

which Buyer is bound or the provisions of any indenture, agreement or other instrument known to such counsel to which Buyer is a party or violate any law, statute or regulation applicable to Buyer (provided that such counsel need express no opinion as to the legality of the transactions contemplated hereby under any antitrust law, statute or regulation) or require the consent or approval of or any filing with any governmental authority (other than under the Hart-Scott-Rodino Antitrust Improvements Act of 1976).

(c) Valid and Binding Agreement. This agreement has been duly executed and delivered by Buyer and constitutes the valid and binding agreement of Buyer enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy and other similar laws affecting creditors' rights generally and by equitable principles.

7.3 Litigation Affecting Closing. At the Closing Date no action, suit or other proceeding before any court or government agency shall be pending or threatened in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby. Seller shall not have been advised by its counsel that completing the transactions contemplated hereby on the Closing Date would violate the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any other applicable law or order of any court or government agency or authority.

7.4 Antitrust Improvements Act. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired.

7.5 Other Documents. Buyer shall have delivered to Seller such other documents evidencing satisfaction of the conditions to Seller's obligations as Seller may reasonably request.

8. EMPLOYEES.

8.1 Salaried Employees. Not later than 15 days prior to the Closing Date, Buyer shall notify Seller in writing of the identity of each salaried employee of Seller employed in the Business to whom Buyer does not intend to offer employment in a position and at a base salary substantially equivalent to such employee's present position and base salary. Buyer has no obligation to offer employment to any salaried employee, but Buyer shall offer employment to any salaried employee not identified in a notice given as provided in the immediately preceding sentence. Except as set forth in the next sentence, Buyer shall have no liability for any salary or benefits accrued prior to the Closing Date. With respect to salaried employees hired by Buyer in substantially equivalent positions at substantially equivalent salaries, Buyer agrees to afford to such employees their accrued but unused vacation time as of the Closing Date (which Seller represents is vacation time accrued at January 1, 1984, and not taken by the Closing Date) and Seller shall pay to Buyer promptly following the Closing Date

an amount equal to the aggregate base compensation to which such employees will be entitled during such vacation time.

8.2 Hourly Employees. Buyer does not agree to adopt or be bound by the terms of Seller's current union agreements or any union agreements which may be made by Seller in collective bargaining. With respect to all current agreements with unions representing employees employed in the Business, Seller will give timely written notice to said unions pursuant to the provisions of such agreements of Seller's desire or intention to alter or modify or to terminate said agreements and of Seller's termination of said agreements pursuant thereto if negotiations have not resulted in an agreement between Seller and said unions by May 1, 1984. Prior to the commencement of collective bargaining covering employment in the Business, Seller shall use its best efforts to sever such collective bargaining from any multiemployer bargaining and any bargaining covering employment at other facilities of Seller. In the course of collective bargaining, Seller shall not bargain for Buyer and shall not enter into any agreement or agreements which are or will be binding on Buyer.

8.3 Pension Plans. As soon as is reasonably convenient after the Closing, Seller shall cause its Employees' Pension Plans to transfer funds to plans of Buyer that are actuarially sufficient (determined under the actuarial equivalence factors of Seller's Plans and consistent with the tax qualified plan asset transfer rules) to fully fund the

accrued benefits, whether or not vested, of such salaried and hourly employees of Seller who are participants in either of Seller's Employees Pension Plans and who become employees of Buyer as a result of the transactions contemplated hereby which will provide pension benefits equivalent to those accrued by such employees under Seller's respective pension plans as of the Closing Date.

8.4 Insurance Benefits. With respect to employees who are employed by Buyer after the Closing Date, Seller shall, if requested by Buyer a reasonable time in advance of the Closing Date, maintain comprehensive medical, dental, life and travel-accident insurance coverage in effect until the first day of the month next following the Closing Date. The cost of such insurance coverage shall be borne by Buyer. Seller shall cooperate with Buyer to provide continuity of such insurance coverage to such employees.

9. ACCOUNTS RECEIVABLE.

Seller shall retain and administer all accounts receivable relating to sales of products of the Business delivered through the day next preceding the Closing Date. Buyer and Seller shall communicate and cooperate in good faith to ensure that payments with respect to accounts receivable arising before and after the Closing Date are properly applied and are paid to the proper party.

10. EXPENSES AND TAXES.

Each party hereto shall pay its own expenses incident to this Agreement and the transactions contemplated herein.

Seller shall pay for documentary stamps on deeds and all real estate transfer taxes. Real and personal property taxes first due and payable in calendar year 1984, rents, utilities and services pertaining to the Purchased Assets shall be prorated as of the close of business the day next preceding the Closing Date. Buyer shall pay when due any sales and use taxes applicable to the sale of the Purchased Assets. Buyer shall pay prior to delinquency real and personal property taxes with respect to the Purchased Assets which are first due and payable in the calendar year 1985. Seller shall duly and timely pay all taxes and penalties and interest thereon, including the amount collected from Buyer as sales and use taxes applicable to the sale of the Purchased Assets, imposed on transactions occurring at or before the Closing Date with respect to the Business. Seller shall produce a receipt from the Washington Department of Revenue as described in RCW 82.32.140 as soon after the Closing Date as practicable.

11. RIGHT OF FIRST REFUSAL.

Except for a sale to Morris & Sons, Inc., or an affiliate of Morris & Sons, Inc., Seller agrees that it will not, prior to December 31, 1988, sell the property described in Exhibit V hereof unless it (a) shall have received a bona fide offer to purchase the same, (b) shall have supplied to Buyer a written description of the proposed sale which shall include the identity of the prospective purchaser, purchase price, payment terms, and all appropriate financial or other pertinent

information concerning the proposed sale, (c) shall have offered in writing to sell the same to Buyer at such price and upon substantially the same terms and conditions, and (d) shall not have received from Buyer within 30 days after Buyer's receipt thereof a written acceptance of such offer. During said 30 days, Buyer and its representatives shall have reasonable access to said property during normal business hours. Seller shall not be required to so offer to sell said property to Buyer on account of a sale or other transfer of said property to an affiliate of Seller, but, in the case of a sale or other transfer of property to an affiliate of Seller, such affiliate shall be bound by the provisions of this Section 11. If requested by Buyer, Seller shall execute and deliver to Buyer a memorandum, in recordable form, of the right afforded by this Section 11.

12. COVENANT NOT TO COMPETE.

Seller covenants that Seller will not, within an area the radius of which is 100 miles from the Seattle Plant engage in or in any manner become interested in, directly or indirectly, as owner, partner, shareholder, or otherwise, any business manufacturing or distributing grey portland or hydraulic cement, for a period of ten (10) years from the Closing Date. Because the breach or anticipated breach of this restrictive covenant will result in immediate and irreparable injury to Buyer, for which Buyer will not have an adequate remedy at law, Seller agrees that Buyer shall be entitled to

relief in equity to temporarily and/or permanently enjoin such breach or anticipated breach and to seek any and all other legal and equitable remedies to which Buyer may be entitled.

13. MISCELLANEOUS.

13.1 Captions. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13.2 Notices, Etc.

All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered in person or by means of telecopy or other wire transmission (with request for assurance of receipt in a manner typical with respect to communications of that type) or mailed by certified or registered mail addressed:

(a) If to Seller:

Lone Star Industries, Inc.
One Greenwich Plaza
P. O. Box 5050
Greenwich, Connecticut 06836
Attention: Corporate Secretary

With a copy to:

Harvey F. Kaplan, Esq.
555 Pillsbury Center
Minneapolis, MN 55402

(b) If to Buyer:

Ash Grove Cement Company
8900 Indian Creek Parkway
Suite 600
Overland Park, Kansas 66225
Attention: General Counsel

With copies to:

Oregon Portland Cement Company
111 S.E. Madison Street
Portland, Oregon 97214
Attention: Chairman of the Board

and

Miller, Nash, Wiener, Hager & Carlsen
111 S.W. Fifth Avenue
Portland, Oregon 97204
Attention: Frank E. Nash

or such other address as may hereafter be designated by a party for such purpose.

13.3 Counterparts.

This Agreement may be executed simultaneously in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13.4 Law To Govern.

This Agreement shall be construed and enforced as if it were made, entered into and by its terms wholly to be performed within the State of Washington.

13.5 Waiver.

A party may at its option waive in writing any and all of the conditions herein contained to which its obligations hereunder are subject. A party shall be deemed to have waived any default hereunder or the failure of any condition to which its obligations are subject, if prior to the Closing Date such party received a written notice from the other party describing such default or failure in reasonable detail and making specific reference to this section 13.5.

13.6 Survival. The representations and warranties herein shall survive the Closing and shall not be deemed merged into any instruments of transfer delivered at the Closing.

13.7 Indemnification. Seller shall indemnify Buyer and hold it harmless against any loss, liability, damage, or expense, including reasonable attorneys' fees incurred in litigation or otherwise, sustained by Buyer, directly or indirectly, by reason of any misrepresentation or breach of any warranty or covenant of Seller as set forth in this Agreement or in any certificate, schedule, exhibit or writing delivered to Buyer pursuant to this Agreement and against any claim, action, suit or proceeding against Buyer based upon or arising out of any allegation of any such misrepresentation or breach of warranty or covenant. Notwithstanding the provisions of the immediately preceding sentence, Seller shall not be obligated to indemnify Buyer hereunder:

(a) with respect to any matter, other than claims for breach of warranty of title or breach of a covenant to be performed in whole or in part after the Closing Date, unless Buyer shall have given Seller written notice thereof (which may include notice of a pending claim or of a claim which is contingent or uncertain in amount) not later than the first anniversary of the Closing Date; or

(b) with respect to any matter other than breach of a covenant to be performed in whole or in part after the Closing Date unless the aggregate of all matters as to which Buyer is entitled to indemnity under said immediately preceding sentence exceeds \$50,000 (and as to the first \$50,000 of indemnified matters in the aggregate Buyer shall not be entitled to any recovery from Seller).

In the event of any claim, demand, action, suit or proceeding by a third party as to which Buyer may wish to seek indemnity

hereunder, then Buyer shall give prompt written notice thereof to Seller and Seller, at its expense, shall be entitled to assume the defense thereof with counsel of its choice. Except as provided in clause (a) above and except in the case of actual prejudice to Seller, the failure of Buyer to give prompt notice of any claim, demand, action, suit or proceeding shall not relieve Seller of its obligation to indemnify Buyer. Buyer shall cooperate with Seller in defending any claim, demand, action, suit or proceeding but the out-of-pocket expenses of such cooperation (including reasonable attorneys' fees) shall be borne by Seller.

13.8 Assignment; Parties in Interest.

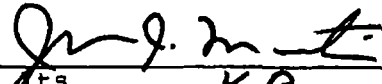
This Agreement shall inure to the benefit of and be binding upon the parties named herein and their respective successors and assigns; provided, however, that any assignment of this Agreement or the rights hereunder by any party hereto without the prior written consent of the other party shall be void, except that Buyer may, without the consent of Seller, assign its rights to acquire the Purchased Assets to its subsidiary Oregon Portland Cement Company so long as Buyer remains liable for the performance of its obligations hereunder.

13.9 Integration.

This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof. No oral modification of this Agreement shall be valid or binding upon the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused
this Agreement to be executed by their respective officers
thereunto duly authorized as of the day and year first above
written.

LONE STAR INDUSTRIES, INC.

By 
Its V.P.

ASH GROVE CEMENT COMPANY


By 
Its President

EXHIBIT I

PURCHASED ASSETS

The Purchased Assets consist of the real property described on Schedule A annexed hereto, an office building, two storage buildings, machine shop, warehouse, wash house, wharf, raw mill building, burner building, clinker storage building, clinker and gypsum storage silos, finish mill building, cement silos, and bag house and pack house situated thereon, process systems located at such site consisting of:

- 1 - Clinker barge unloading system
- 1 - 13-ton hammerhead crane
- 1 - cone crusher - 150 horsepower
- 2 - 7-foot diameter by 45-foot raw mills -
750 horsepower
- 6 - 540 ton slurry mix tanks
- 1 - 648 ton kiln feed basin
- 2 - 11-foot diameter by 240-foot kilns
- 1 - 210,000 CFM electrostatic precipitator
- 2 - 9-foot diameter by 90-foot rotary coolers -
40 horsepower
- 2 - coal mills - 125 horsepower
- 1 - 7-foot diameter by 45-foot finish mill -
750 horsepower
- 2 - 12-foot diameter by 36-foot finish mills -
2,500 horsepower
- 4 - 6-foot 6-inch by 17-foot 7-inch cement coolers
- 1 - 1,316-ton bulk loading system
- 3 - packing machines
- belt conveyors, screw conveyors, bucket elevators,
hoppers, bins, compressors, pumps, vibrating feeders,
weighfeeders, air slides, screens, bridge cranes,
agitators, air separators, dust collectors, fans and
scales

and all other machinery and equipment including mobile equipment, shop equipment, general plant equipment, laboratory equipment, and office furniture and equipment owned by Seller and situated on the property described on Schedule A annexed

hereto, together with the intangible assets described in the Agreement and the other exhibits thereto. The Purchased Assets do not include any trademarks or tradenames (other than those identified on Exhibit II) or railcars owned by Seller.

The Purchased Assets also include the real property at Dall Island, Alaska, described in Schedule B annexed hereto.

SCHEDULE A

The Seattle Plant Site is the real property commonly known as 3801 East Marginal Way, South, Seattle, Washington, and more particularly described as follows:

PARCEL A:

BEGINNING ON THE SOUTH LINE OF LOT 19, BLOCK 378, SEATTLE TIDE LANDS, IN KING COUNTY, WASHINGTON, AT A POINT 30.00 FEET WEST OF THE SOUTHEAST CORNER OF SAID LOT, SAID POINT BEING ON THE WESTERLY LINE OF EAST MARGINAL WAY AS ESTABLISHED UNDER ORDINANCE NO. 32881; THENCE WESTERLY ALONG THE NORTH LINE OF WEST DAKOTA STREET TO THE SOUTHWEST CORNER OF LOT 24, BLOCK 387, SEATTLE TIDE LANDS, IN KING COUNTY, WASHINGTON; THENCE NORTHEASTERLY ALONG THE WESTERLY LINE OF SAID BLOCK 387 TO THE NORTHWEST CORNER OF LOT 15, SAID BLOCK 387; THENCE EAST 1376.477 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF LOT 28, BLOCK 378, SEATTLE TIDE LANDS, IN KING COUNTY, WASHINGTON; THENCE SOUTHEASTERLY ALONG THE EASTERLY LINE OF SAID LOT 28, A DISTANCE OF 57.586 FEET, MORE OR LESS, TO THE WEST LINE OF EAST MARGINAL WAY AS ESTABLISHED UNDER ORDINANCE NO. 32881; THENCE ON SAID WEST LINE SOUTH 546.56 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

TOGETHER WITH THE NORTH ONE-HALF OF THAT PORTION OF WEST DAKOTA STREET BOUNDED ON THE EAST BY THE WESTERLY LINE OF EAST MARGINAL WAY AS ESTABLISHED UNDER ORDINANCE NO. 32881, AND ON THE WEST BY THE CENTERLINE OF 8TH AVENUE SOUTHWEST (HERETOFORE VACATED) AND ALL OF THAT PORTION OF WEST DAKOTA STREET BOUNDED ON THE EAST BY THE CENTERLINE OF 8TH AVENUE SOUTHWEST (HERETOFORE VACATED) AND ON THE WEST BY THE WEST LINE OF LOT 24, BLOCK 387, SEATTLE TIDE LANDS, IN KING COUNTY, WASHINGTON, PRODUCED SOUTH TO THE NORTHWEST CORNER OF LOT 1, CALHOUN, DENNY & EWING'S REPLAT OF BLOCK 388, SEATTLE TIDE LANDS, ACCORDING TO THE PLAT RECORDED IN VOLUME 12 OF PLATS, PAGE 92, IN KING COUNTY, WASHINGTON; SAID DESCRIBED PORTIONS OF WEST DAKOTA STREET HAVING HERETOFORE BEEN VACATED BY ORDINANCE NO. 80964 OF THE CITY OF SEATTLE.

EXCEPT THAT PORTION THEREOF CONVEYED TO THE STATE OF WASHINGTON FOR PRIMARY STATE HIGHWAY NO. 1 BY DEED RECORDED UNDER AUDITOR'S FILE NO. 4861150.

PARCEL B:

LOTS 1, 2, 47 AND 48, CALHOUN, DENNY & EWING'S REPLAT OF BLOCK 388, SEATTLE TIDE LANDS, ACCORDING TO THE PLAT RECORDED IN VOLUME 12 OF PLATS, PAGE 92, IN KING COUNTY, WASHINGTON.

TOGETHER WITH THE WEST HALF OF 8TH AVENUE SOUTHWEST ADJOINING SAID LOTS 47 AND 48 AND THAT PORTION OF 9TH AVENUE SOUTHWEST BOUNDED IN THE NORTH BY SOUTH LINE OF WEST DAKOTA STREET AND ON THE SOUTH BY THE SOUTH LINE OF SAID LOT 2 PRODUCED EAST TO THE SOUTHWEST CORNER OF SAID LOT 47, SAID DESCRIBED PORTIONS OF 8TH AVENUE SOUTHWEST AND 9TH AVENUE SOUTHWEST, HAVING HERETOFORE BEEN VACATED BY ORDINANCE NO. 76243 OF THE CITY OF SEATTLE.

SCHEDULE B

The Dall Island property is described as follows:

Parcel No. 1: U.S. Mineral Survey 1556, Ketchikan Recording District, First Judicial District, State of Alaska.

Parcel No. 2: U.S. Mineral Surveys 1565, 1566 and 1567, Ketchikan Recording District, First Judicial District, State of Alaska.

Parcel No. 3: U.S. Mineral Survey 2231, Ketchikan Recording District, First Judicial District, State of Alaska.

EXHIBIT II

SEATTLE PLANT

The following is a list and brief description of the documents heretofore delivered to Buyer, which documents represent all contracts, leases, licenses, permits credits and intangible assets that pertain to the ownership or operation of the Seattle Cement Plant (in addition, one unrecorded easement is included among this list and the attached documents).

1. Labor Related Contracts. Copy of Labor Agreement between Lone Star Industries, Inc., and United Cement, Lime, Gypsum and Allied Workers Local Union No. 47, effective through April 30, 1984. Copies of Insurance and Health Agreement, Pension Agreement and Supplemental Unemployment Benefit Plan between Lone Star Industries, Inc., and United Cement, Lime, Gypsum and Allied Workers International Union, effective through April 30, 1984.

2. Pollution Control Tax Credits. List of Pollution Control Tax Credits, including Certificate Number, Initial Balance, Credit Amount Still to be Taken as of 12/31/83, Yearly Credit and Remaining Number of Years. Copy of the Washington State Department of Revenue's form Affidavit, through which the transfer of the Pollution Credits is effected.

3. 1984 Raw Materials Supply Contracts

<u>Material</u>	<u>Supplier</u>
Silica Sand	Industrial Mineral Products Co.
Riverside White Cement	Riverside Cement Company
Lignosite Liquid	Georgia-Pacific Corporation
Molasses	Pacific Molasses Company
Screened Pebble Gypsum	Norwest Gypsum
Silica Sand	Wenatchee Silica Products, Inc.

4. Monsanto VBLS Agreement. Copy of letter agreement between Monsanto and Lone Star, dated 3/26/80, regarding the disposal of Monsanto's VBLS by-product and Monsanto's installation and lease of certain facilities for the handling of VBLS at the Seattle Cement Plant (effective at least through 12/31/84; silent with respect to assignment). With respect to paragraph 4 of the 3/26/80 letter, it is estimated that the cost of Facilities will have been fully reimbursed by Lone Star by December 31, 1984. Copy of letter from Monsanto dated August 31, 1983, adjusting the disposal rate effective as of August 1, 1983.

5. Texada Limestone Mining Agreement. Copy of Mining Agreement between Lone Star and Lafarge Cement of North American Ltd., dated March 23, 1967, covering the removal and processing of limestone from District Lot 499, Texada Island District, B.C., Canada, which Agreement has apparently been renewed on an annual basis since January 1, 1974. Pursuant to clause 20 of the Agreement, the Agreement "shall be binding upon and inure to the benefit of the successors and assigns of the respective parties. . . ." Copy of letter dated October 31, 1983 from Canada Cement Lafarge Ltd. continuing the Mining Agreement for the year 1984 (the terms of the letter have apparently not yet been expressly accepted by Lone Star).

6. Coal Towing and Unloading. Copy of letter from Lafarge Concrete Ltd. dated December 5, 1983 proposing Coal Towing and Unloading rates for 1984. Lone Star rejected the proposal, opting instead for the continuance of the 1983 rates through February, 1984 (with an agreement that Lone Star will reimburse Lafarge for costs if costs exceed the 1983 rates). A new proposal will be considered for rates effective as of March 1, 1984.

7. Permit for the Unloading and Stockpiling of Coal. Copy of Permit from the Puget Sound Air Pollution Control Agency ("Agency") dated February 28, 1983 authorizing the unloading and stockpiling of coal at the Seattle Cement Plant. To effect the transfer of this Permit, Ash Grove should notify the Agency that Ash Grove (1) has purchased the Cement Plant from Lone Star, (2) will abide by the terms of the Permit and (3) will abide by the terms of the January 12, 1983 letter referred to in the Permit. Copy of the January 12, 1983 letter, which pertains to fugitive dust control.

8. Transportation Agreement with Burlington Northern. Copy of an agreement between Lone Star and Burlington Northern dated June 9, 1983 covering the transportation of cement to Lone Star's Portland Terminal (effective through July 18, 1986). Pursuant to Section 14 of the Agreement, consent to assignment is required. The Agreement is confidential.

9. Railroad Hopper Car Leases. Copy of lease between ACF Industries and Lone Star dated July 14, 1970 through which Lone Star leases 15 railroad hopper cars and copy of September 28, 1973 amendment thereto. Copy of May 1, 1980 Agreement in which Lone Star extends the term of July 14, 1970 lease through June 30, 1985. Pursuant to paragraph 3 of the May 1, 1980 Agreement, Lone Star must obtain ACF Industries' consent to an assignment.

10. Lease of Rail Car for Lignosite Storage. Copy of letter agreement between Lone Star and Georgia-Pacific dated October 25, 1982, in which Lone Star agrees to lease, until February 28, 1983, a 10,000 gallon rail car for storage of Lignosite. The lease has been extended on a month-to-month basis, although there is no written agreement to that effect, and the current rent is still \$200 per month. The letter agreement is silent with respect to assignment.

11. Easement Granted to Port of Seattle. Copy of an easement dated August 24, 1976 in which Lone Star granted to the Port of Seattle an easement on Lone Star property located at the corner of East Marginal Way South and South Dakota Street (vacated) for ingress and egress for trucks. Lone Star can terminate the easement at any time upon giving the Port 90 days advance notice. Apparently the easement is unrecorded.

12. Trademarks. Copies of the State of Washington's Certificate of Renewal of Registration of Trademark for the following trademarks:

No. 2114-R	"Diamond Portland Cement"	Expires 9/17/86
No. 2270-R	"Superior Masonry"	Expires 10/25/86
No. 2522-R	"Superior Portland Cement"	Expires 3/21/87
No. 2269-R	"Superior Hyurly"	Expires 10/25/86

Copy of the pertinent Washington statute (RCW 19.77.060) explaining the ministerial nature of trademark assignments.

13. Radioactive Materials License. Copy of the radioactive materials license authorizing the use of Cesium 137 in two sealed sources that are not to exceed 150 millicuries each (expiration date of April 30, 1985). Copy of the May 1, 1970 radioactive materials license and the March 26, 1980 application for radioactive materials license (the April 15, 1970 application is missing from Lone Star's files). Copy of the pertinent Washington regulation (WAC 402-19-300) explaining the discretionary nature of radioactive materials license assignments.

14. Mooring Post Agreement. Copy of letter agreement between Lone Star and the Port of Seattle dated January 12, 1977 in which the Port grants Lone Star the right to construct and use a certain mooring post. The Port may terminate the agreement by giving Lone Star 30 days' written notice. One of the conditions in the agreement is that the Port be named as an additional insured on liability insurance policies maintained, with certain minimum limits, by Lone Star.

15. Spur Track Agreement. Copy of agreement between Lone Star and Chicago, Milwaukee, St. Paul and Pacific Railroad Company dated November 5, 1951 pertaining to the use, ownership and maintenance of spur tracks serving the Seattle Cement Plant. Pursuant to paragraph 13, Lone Star's rights under the agreement are not to be assigned until the written consent of the Railroad Company is obtained. The agreement has no expiration date but it can be terminated by the Railroad Company under certain conditions (see paragraphs 12 and 13).

16. Leased Automobiles. List of leased automobiles driven by Lone Star employees, including license number and leasing company. List of the monthly payment for each such automobile and the balance owed on each automobile as of December 31, 1983. These leases are assignable and Ash Grove will assume the balance owed by Lone Star at the time of the assignment and will pay no more as a monthly lease fee than Lone Star was paying prior to the assignment.

17. Cement Supply Contracts. Lone Star has entered into three oral agreements to supply cement, the essential terms of which are as follows (if, in fact, no sufficient writing exists, the agreements may violate the Statute of Frauds and therefore be voidable):

A. Lone Star agreed to supply Stevenson Construction Company with Type II cement for use in the construction of the Mt. Baker Tunnel project for Fifty-eight and 80/100 Dollars (\$58.80) per ton, delivered (this price is apparently subject to adjustment based upon a certain Index published in Engineering News Record, but it is deemed to be unlikely that it will be so adjusted), and Stevenson Construction Company agreed to purchase all of the Type II cement it needs on that job from Lone Star at that price. It is expected that approximately Eighteen Thousand tons of Type II cement will be needed by Stevenson Construction Company on the Mt. Baker Tunnel project. It is further expected that this agreement will be fulfilled by the end of 1985.

B. Lone Star agreed to supply Everett Concrete Products with Type III cement for use (tunnel liners) in the construction of the Mt. Baker Tunnel project for Sixty-nine Dollars (\$69.00) per ton, delivered, and Everett Concrete Products agreed to purchase all of the Type III cement it needs on that job from Lone Star at that price. It is expected that approximately Three Thousand tons of Type III cement will be needed by Everett Concrete Products on the Mt. Baker Tunnel project. It is further expected that this agreement will be fulfilled by the end of 1985.

C. Lone Star agreed to supply Mole-Coluccio, joint venturers, with Type I-2 cement for use in the Steilacoom Sewage Treatment Plant project for Fifty Seven and 80/100 Dollars (\$57.80) per ton, delivered, and Mole-Coluccio agreed to purchase all of the Type I-2 cement it needs on that job from Lone Star at that price. It is expected that approximately Three Thousand tons of Type I-2 cement will be needed by Mole-Coluccio on the Steilacoom Sewage Treatment Plant project. It is further expected that this agreement will be fulfilled by the end of 1984.

18. Corps of Engineers Letters. Copies of the June 13, 1983 and January 5, 1984 letters written to Lone Star by Colonel Norman C. Hintz of the Seattle District Corps of Engineers. The letters pertain to potential interference by the Associated Transportation Center marina with Federal Turning Basin No. 1 and contain certain statements and representations on which Lone Star has relied and on which Ash Grove may wish to rely.

19. Elevator Permits. Copies of two Elevator Permits issued by the City of Seattle Department of Construction and Land Use. The Elevator Permits are assigned to the elevators themselves and therefore nothing needs to be done to effect their transfer.

DALL ISLAND

The following is a list and brief description of contracts and easements pertaining to the Dall Island property. Other easements and rights of way are referenced in the preliminary commitment for title insurance.

20. Implementation Agreement between Lone Star Industries, Inc. and Sealaska Corporation.

21. Timber and Mineral Deed and Removal Agreement between Lone Star Industries, Inc. and Sealaska Corporation.

22. Easement and Joint Use Agreement between Lone Star Industries, Inc. and Sealaska Corporation - nonexclusive, perpetual easement that is expressly stated to run with the land and therefore bind successors and assignees (see paragraph 11); contains provisions pertaining to construction and use of a dock (see paragraph 10).

23. Timber Removal Agreement between Lone Star Industries, Inc. and Sealaska Corporation.

24. Limestone Removal Agreement between Sealaska Corporation and Lone Star Industries, Inc. - involves neighboring property; includes a grant of nonexclusive easement (see paragraph 5); expressly benefits Lone Star's successors and assignees (see paragraph 1) and contains requirements that will affect Ash Grove with respect to insurance coverage.

ASSIGNMENT AND ASSUMPTION OF THE FOREGOING
CONTRACTS, PERMITS, ETC.

Lone Star shall transfer and assign all of its right, title and interest in all of the above-listed twenty-four contracts, permits, etc., with the exception of those listed immediately below, and Ash Grove shall assume and agree to observe, perform and fulfill the terms and conditions to be observed, performed and fulfilled by Lone Star under all of the above-listed twenty-four contracts, permits, etc., with the exception of those listed immediately below:

The contracts, permits, etc., not be assigned by Lone Star and not to be assumed by Ash Grove are Nos. 1 (Labor Related Contracts) and the Superior Hyurly Trademark (No. 2269-R) listed in No. 12 ("Trademarks"). In addition, No. 9 (Railroad Hopper Car Leases) is to assigned and assumed only if Ash Grove so opts.

TRANSFERABILITY OF THE CONTRACTS,
PERMITS, ETC., TO BE ASSIGNED AND ASSUMED

Of the contracts, permits, etc., that are to be assigned and assumed, the following appear to be freely transferable (in other words, discretionary consent to the transfer does not appear to be required):

Nos. 2, 3, 4, 5, 6, 10, 11, 12 (except "Superior Hyurly" which is not being assigned and assumed), 14, 16, 17, 18, 19, 20, 21, 22, 23 and 24.

Of the contracts, permits, etc., that are to be assigned and assumed, some discretionary consent to the transfer appears to be required with respect to the following:

Nos. 7, 8, 9 (if assigned and assumed), 13 and 15.

EXHIBIT III

OPTION TO PURCHASE

THIS OPTION TO PURCHASE is made and entered into this * day of , 1984, by and between LONE STAR INDUSTRIES, INC., a Delaware corporation ("Grantor"), and ASH GROVE CEMENT COMPANY, a Delaware corporation ("Grantee"),

W I T N E S S E T H :

WHEREAS, Grantor is the owner of that certain property described on Exhibit A attached hereto (the "Property"); and

WHEREAS, pursuant to an agreement dated as of January 25, 1984, between Grantor and Grantee, Grantee has purchased certain assets from Grantor and as part of the consideration therefor Grantor has agreed to grant Grantee an option to purchase the Property.

WHEREAS Lonestar Clinker Co. ("LSCC"), a wholly owned subsidiary of Grantor, holds certain permits as described in Exhibit B attached hereto ("Permits") relating to the Property and upon the exercise of the option provided herein the stock of LSCC ("LSCC Stock") will be transferred to Grantee.

NOW, THEREFORE, in consideration of the payment of \$5,000 and other good and valuable consideration, the parties agree as follows:

1. Grant of Option. Grantor hereby grants to Grantee the exclusive right and option to purchase the Property upon the terms and conditions set forth herein.

2. Option Term. The initial option period ("Initial Term") shall commence on the date of this Option and expire ** , 1990. Grantee may elect to extend the option period for an additional five years (the "Extended Term") by giving notice to Grantor on or before the expiration date of the Initial Term. The Extended Term shall terminate at the earlier of (a) the end of the additional five-year period, or (b) the date Grantee gives notice to Grantor that Grantee elects to terminate the Extended Term. The "Option Term" shall include the Initial Term and the Extended Term. If the option period is extended, Grantee shall pay to Grantor an amount equal to the real and personal property taxes and any special assessments

* Insert Closing Date

** Insert month and day which is 30 days after Closing Date

payable with respect to the Property (pro rated as necessary based on the portion of each calendar year within the Extended Term during which such taxes and assessments are first payable) during the Extended Term, less the amount of any and all revenues which are allocable to the Extended Term in accordance with generally accepted accounting principles (the "Extended Term Consideration"). Grantee shall pay Grantor the Extended Term Consideration upon receiving a statement, certified by the principal financial officer of Grantor, specifying the real property taxes and revenues with respect to the Property for each 12-month period during the Extended Term (or a portion of the final 12-month period in the event Grantee terminates the Extended Term). Grantor shall provide Grantee access to its books and records relating to the Property for the purpose of verifying the amount of Extended Term Consideration.

3. Exercise of Option. At any time during the Option Term, Grantee may request that Grantor deliver to Grantee a preliminary title report covering the Property. Grantee shall have a period of 30 days (or such lesser number of days as remain in the Option Term) following receipt of such preliminary title report to exercise this Option by giving written notice thereof to Grantor. In the event Grantee does not exercise this Option within such 30-day period or within the Option Term, this Option shall automatically lapse and terminate. This Option shall be valid and enforceable even though the closing does not occur until after the Option Term, provided notice of exercise is given within the required periods. For purposes of this Option "Impermissible Lien" shall mean a lien or encumbrance, including a mortgage, which by its terms may be discharged by the payment of money (other than the lien of taxes and assessments not yet due and payable) or any lien or encumbrance which became of record after December 31, 1983, by reason of the consent, acquiescence, act or failure to act of Grantor. In the event the preliminary title report reflects any Impermissible Lien, then, upon Grantor's exercise of this Option, Grantee shall remove such Impermissible Lien prior to the closing. In the event Grantor does not remove any such Impermissible Lien prior to closing, Grantee may revoke its exercise of this Option without prejudice to Grantee's legal or equitable remedies by reason of such failure. If this Option is exercised, the closing of the transaction shall occur on a date specified by Grantee within thirty (30) days following exercise. At closing, Grantor shall convey to Grantee fee simple title to the Property by bargain and sale deed free and clear of all liens and encumbrances except those reflected on the preliminary title report which are not Impermissible Liens. At closing, Grantor shall provide Grantee with a standard form owner's policy of title insurance in the amount of the purchase price issued by a company satisfactory to Grantee, insuring title to the Property in Grantee free and clear of all liens and encumbrances except

those reflected on the preliminary title report which are not Impermissible Liens.

4. Option Price. The purchase price to be paid by Grantee to Grantor for the Property upon exercise of this Option (the "Option Price") shall be determined as follows:

<u>on or after *</u>	<u>and</u>	<u>before *</u>	<u>Price</u>
1984		1985	\$5,000,000
1985		1986	4,600,000
1986		1987	4,200,000
1987		1988	3,800,000
1988		1989	3,400,000
1989		any time thereafter	3,000,000

5. Real Estate Taxes. Grantor shall pay when due all real estate and personal property taxes and all installments of special assessments due and payable with respect to the Property prior to closing of the purchase of the Property. Real estate and personal property taxes first payable in the year within which the closing occurs during the Initial Term, utilities, rents and installments of special assessments payable with respect to the Property shall be prorated between Grantor and Grantee as of the closing date. Grantee shall have the right to contest, in its or Grantor's name, any assessment for and/or levy of real or personal property taxes or special assessments on the Property during the Extended Term, and at Grantee's request Grantor shall execute such documents, make such appearances and do such other things as Grantee may reasonably request in connection with the prosecution of any such contest. Grantee shall reimburse Grantor on demand for any out-of-pocket expenses incurred by Grantor in connection therewith.

6. Permits. Upon exercise of this Option by Grantee, at the closing Grantor shall transfer all the issued and outstanding LSCC Stock to Grantee free and clear of all liens and encumbrances and execute any and all other documents necessary or desirable to effect the transfer of the LSCC Stock or the Permits. Grantor shall cooperate with Grantee in obtaining any consents required to allow transfer of the LSCC Stock or the Permits and shall take all actions necessary or desirable during the Option Term to maintain effectiveness of the Permits, including but not limited to payment of any required fees. Upon delivery to Grantee of the certificates

* Insert month and day of Closing Date

representing the LSCC Stock, Grantee will acquire good title thereto free and clear of all liens and encumbrances. Grantor shall also cooperate in transferring any other permits held by it and affecting the Property.

7. Bona Fide Offers. In the event Grantor receives a bona fide offer to purchase all of the Property remaining subject to this option during the Extended Term that Grantor desires to accept, Grantor shall give written notice to Grantee stating the name of the prospective purchaser and the price and terms of the proposed sale together with a preliminary title report covering the Property issued by a title company satisfactory to Grantee. Grantee shall have 30 days following receipt of a notice of proposed sale to exercise its option hereunder at either (a) the Option Price or (b) the price and terms stated in the notice of proposed sale, at its election. If Grantee does not exercise its option hereunder within such 30-day period Grantor may, for a period of 90 days following such initial 30-day period, sell to the named prospective purchaser at the price and on the terms stated in the notice of proposed sale free and clear of this Option. If the Property is not sold within such period, the Property shall again be subject to the terms and conditions of this Option.

8. Removal of Reserves. During the Option Term, Grantor shall not remove any limestone from the Property without the prior written consent of Grantee.

9. Access to Property and Studies. Grantee may enter upon the Property for the purpose of site evaluation; provided, however, that Grantee shall indemnify and hold Grantor harmless from all cost, expense and liability arising from the activities of Grantee on the Property. During the Option Term, Grantee may review all engineering studies, soil tests, construction proposals and any other studies or documents related to the Property which are in the possession of Grantor, and upon request, Grantor shall furnish copies of the same to Grantee at the closing.

10. Recording. Grantor shall execute and acknowledge a memorandum of this Option in a form suitable for recording and Grantee may record the memorandum.

11. Notices. All notices or other communications given pursuant hereto shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given or upon mailing if mailed to the party to whom notice is to be given by certified mail, with return receipt requested, postage prepaid and properly addressed to the party at the following addresses:

To Grantor: Lone Star Industries, Inc.
Attention: Corporate Secretary
One Greenwich Plaza
Greenwich, Connecticut 06830

To Grantee: Ash Grove Cement Company
Attention: Secretary
Suite 600
Post Office Box 25900
Overland Park, Kansas 66225

Such addresses may be changed from time to time by either party serving notices as above provided.

12. Survival; Assignment; Successors and Assigns.
All of the terms, conditions, covenants and agreements herein set forth shall survive the closing of the transactions contemplated hereby. This option may be assigned by Grantee only to Oregon Portland Cement Company, a Nevada corporation. This option shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this option to purchase in their respective corporate names by duly authorized officers, on the date first written above.

LONE STAR INDUSTRIES, INC.

By _____
Title: _____

ASH GROVE CEMENT COMPANY

By _____
Title: _____

OPTION - EXHIBIT A

The real property that is subject to this Option is all of the real property Lone Star owns in Skagit County, Washington. The attached list contains a rough approximation of that real property, however a relatively small number of the parcels listed therein are no longer owned by Lone Star and thus are not subject to this Option.

Certain parcels of the real property that is subject to this Option will be conveyed subject to that certain lease of certain cement storage facilities, which lease is between Lone Star as lessor and Pozzolanac Northwest, Inc. as lessee and which lease is dated December 9, 1983.

The property description to be attached to the option as executed will be conformed to that in a limited liability title report to be obtained by Seller from a reputable title insurance company promptly after execution of the Asset Purchase Agreement.

CONCRETE

LONE STAR CEMENT CORPORATION

ANALYSIS OF LAND ACCOUNT

AS AT DECEMBER 31, 1964

Skagit County Property
located in about 3/4 of Lots
within Town of Concrete

SUPERIOR DIVIS

SEATTLE PLAN

L.S.C.C. VALU

NAME OF TRACT OWNED IN FEE	DATE ACQUIRED	LOCATION (TOWN OR COUNTY)	ROCK SHALE C OR MARL Tot. L. App.
<i>Map</i> <i>11/73</i> <i>2-6-75</i> BRADBERRY QUARRY, CONSISTING OF THE FOLLOWING: IN SECTION 1, TOWNSHIP 35, RANGE 8, EWM: LOTS 3 AND 4 (N2 OF NW 4) S2 OF NW 4 NW 4 OF SW 4 E2 OF SW 4 IN SECTION 36, TOWNSHIP 36, RANGE 8, EWM: SW 4 OF SW 4	 4-1-51 4-1-57 4-1-57 4-1-57 4-1-57	 SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY	 ROCK ROCK ROCK ROCK ROCK
WASHINGTON QUARRY, CONSISTING OF THE FOLLOWING: IN SECTION 2, TOWNSHIP 35, RANGE 8, EWM: LOT 1, LESS TRACT AND ROAD LOT 2, EAST OF 440 FT. CONTOUR LOT 6, SOUTH & EAST OF 440 FT. CONTOUR LINE LOT 7, EAST OF 440 FT. CONTOUR LINE EAST PORTION OF LOT 10, LESS PLOTTED TAX #12 SE 4 OF SE 4 N2 OF SE 4 SW 4 OF NE 4, SOUTHERLY OF 440 FT. CONTOUR LINE & SE 4 OF NE 4, LESS ROADS	 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57	 SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY	 ROCK ROCK ROCK ROCK ROCK ROCK ROCK ROCK
POTENTIAL ROCK LANDS (QUANTITY UNDETERMINED) IN SECTION 12, TOWNSHIP 35, RANGE 8, EWM: SE 4 OF SW 4 E2 OF NE 4 SW 4 OF NW 4 NW 4 OF SW 4 E2 OF SE 4 SW 4 OF SE 4 NW 4 OF NE 4 AND NE 4 OF NW 4 GOV'T LOT 1, (SW 4 OF SW 4, E. OF G.N. RY)	 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57	 SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY	 ROCK ROCK ROCK ROCK ROCK ROCK ROCK ROCK
CONCRETE CLAY QUARRY SE 4 OF SE 4, SECTION 3, TWP 35, RANGE 8, EWM: 4 GOV'T LOT 1, LESS PLATTED SECTION 10, TWP 35, RANGE 8, EWM GOV'T LOT 2, LESS TRACT, SECTION 11, TWP 35, RANGE 8, EWM GOV'T LOT 3, LESS TRACT, SECTION 11, TWP 35, RANGE 8, EWM SE 4 OF NW 4, LESS PLOTTED SECTION 11, TWP 35, RANGE 8, EWM GOV'T LOT 1, LESS TRACT, SEC. 11, TWP 35, RANGE 8, EWM	 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57 4-1-57	 SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY	 CLAY CLAY CLAY CLAY CLAY CLAY CLAY
MINERAL RIGHTS ONLY N2 OF NE 4, NW 4, NW 4 OF SE 4, SW 4 OF SECT. 25, TWP 36, RANGE 9 EWM S2 OF NE 4, E2 OF SW 4, SE2 OF SECT. 26, TWP 36, RANGE 9, EWM NE 4, SE 4, SW 4, E2 OF NW 4, SW 4 OF NW 4, SECT. 35, TWP 36, RANGE 9, EWM	 4-1-57 4-1-57 4-1-57	 SKAGIT COUNTY SKAGIT COUNTY SKAGIT COUNTY	 ROCK ROCK ROCK

LOVE STAR CEMENT CORPORATION
ANALYSIS OF LAND ACCOUNT AS
AT DECEMBER 31, 1964

SUPERIOR
CONCRETE
L.S.C.C.

NAME OF TRACT

DATE
ACQUIRED

OWNED IN FEE

PLANT SITE

THAT PORTION OF THE SE 1/4 OF THE NW 1/4 OF SECTION 10, TOWNSHIP 35 NORTH, RANGE 8 EWM, AND THAT PORTION OF THE NE 1/4 OF THE SW 1/4 OF SAID SECTION BETWEEN THE RIGHT OF WAY OF THE GREAT NORTHERN RAILWAY COMPANY AND THE EAST AND WEST CENTER LINE OF SAID SECTION; ALSO CERTAIN UNPLATTED LANDS IN THE SW 1/4 OF THE NE 1/4 OF SAID SECTION; ALSO BLOCK 11 AND LOTS 11 TO 23 INCLUSIVE IN BLOCK 12 OF MILLER'S ADDITION TO BAKER, TOGETHER WITH PORTIONS OF VACATED STREETS IN THE CITY OF CONCRETE (FORMERLY BAKER) WASHINGTON

4-1-57 C

BEAR CREEK POWER SITE

THE SW 1/4 OF SECTION 11, TOWNSHIP 36, NORTH, RANGE 8 EWM
THE W 1/2 OF THE NW 1/4 OF THE NE 1/4, THE SW 1/4 OF THE NE 1/4 AND A PORTION OF THE NE 1/4 OF THE NW 1/4 AND A PORTION OF THE SE 1/4 OF THE NW 1/4, ALL IN SECTION 14, TOWNSHIP 36, NORTH, RANGE 8 EWM

4-1-57

4-1-57

IN TOWNSHIP 35 NORTH RANGE 9 EWM

— THE SW 1/4 OF SECTION 7

4-1-57

PORTION OF THE SE 1/4 OF THE SW 1/4 OF SECTION 8

4-1-57 =

PORTION OF THE NE 1/4 OF THE SW 1/4 OF SECTION 8

4-1-57 =

— LOT 1 OF SECTION 18, BEING THE NW 1/4 OF THE NW 1/4 OF SAID SECTION

4-1-57 A

PORTION OF LOT 2 OF SECTION 18, BEING A PORTION OF THE SW 1/4 OF THE NW 1/4 OF SAID SECTION

4-1-57 B

IN TOWNSHIP 35 NORTH, RANGE 8 EWM

THE N 1/2 OF THE NE 1/4 OF SECTION 13 EXCEPT THE W 660' OF THE S 571.33'

4-1-57 C

THE N 1/2 OF THE SE 1/4 OF THE NE 1/4 OF SECTION 13

4-1-57 D

THE N 1/2 OF THE SW 1/4 OF SEC. 13 EXCEPT THE W 660' LAYING N OF JACKMAN CREEK

4-1-57 E

THE N 1/2 OF THE SW 1/4 OF THE SW 1/4 OF THE NE 1/4 OF SECTION 13

4-1-57 F

THE EASTERLY 1,024.51' OF THE N 1/2 OF THE NE 1/4 OF THE NW 1/4 OF SEC. 13

4-1-57 G

PORTION OF THE N 660' OF LOT 3, SOUTH OF JACKMAN CREEK AND EAST OF THE HIGHWAY IN SECTION 13

4-1-57 H

— PORTIONS OF LOTS 7 & 8 OF SECTION 11

4-1-57 I

THAT PORTION OF THE TOWN OF CONCRETE WITHIN THE NW 1/4 OF THE SE 1/4 OF SECTION 11

4-1-57 J

— PORTION OF GOVERNMENT LOT 8 IN THE NW 1/4 OF THE SW 1/4 OF SECTION 2

4-1-57 K

— PORTION OF GOVERNMENT LOT 9 IN THE SW 1/4 OF THE SW 1/4 OF SECTION 2

4-1-57 L

THE SE 1/4 OF THE SE 1/4 OF SECTION 4

4-1-57 M

STRIP OF LAND IN THE NE 1/4 OF SW 1/4 OF SECTION 3

4-1-57 N

TRACT OF LAND IN THE S 1/2 OF THE NW 1/4 OF SECTION 3

4-1-57 O

TRACT OF LAND IN THE N 1/2 OF THE NW 1/4 OF THE NE 1/4 OF SECTION 3

4-1-57 P

LONE STAR CEMENT CORPORATION
ANALYSIS OF LAND ACCOUNT AS
AT DECEMBER 31, 1964

SUPERIOR DIVIS
CONCRETE PLANT
L.S.C.C. VALUE:

NAME OF TRACT	DATE ACQUIRED
<u>IN THE TOWN OF CONCRETE</u>	
PORTION OF THE SE 1/4 OF THE NW 1/4 OF SECTION 11 (PORTION SOLD IN 1961), BLOCKS 2,3,4, & 5 OF SUPERIOR HEIGHTS ADDITION, EXCEPT LOTS 27 THRU 34, OF BLOCK 2	4-1-57 c
LOTS 1,2,3,4,10,11,12,13,14 OF BLOCK 3 MARENGO ADDITION	4-1-57 c
LOTS 1 THRU 10 INCLUSIVE OF BLOCK 4 MARENGO ADDITION	4-1-57 c
ALL OF BLOCKS 5 & 6 MARENGO ADDITION	4-1-57 c
VACATED PORTION OF "D" STREET BETWEEN LIMESTONE & GRANITE STREETS	4-1-57 c
VACATED PORTION OF MARBLE STREET BETWEEN "E" AND "D" STREETS	4-1-57 c
VACATED PORTION OF GRANITE STREET BETWEEN "E" AND "D" STREETS	4-1-57 c
VACATED PORTION OF ALLEY ABUTTING LOTS 2, 13, AND 14 BLOCK 3, MARENGO ADDITION	4-1-57 c
LOTS 8 & 9, BLOCK 18, MILLER'S ADDITION	4-1-57 c
TRACT OF LAND IN THE SW 1/4 OF THE NE 1/4 OF SECTION 10	4-1-57 c
TRACT OF LAND IN THE SW 1/4 OF THE NE 1/4 OF SECTION 10.	4-1-57 c
PORTION OF LOTS 10, 11 & 12, BLOCK 2, TOWN PLAT OF BAKER	4-1-57 c
LOT 9 OF BLOCK 13, MILLER'S ADDITION	4-1-57 c
LOTS 10,11,12,13,14,16,18, BLOCK 2 OF LOTS 11 & 12, BLOCK 1 OF CENTRAL BAKER ADDITION (NOTE: ALSO LOT 17)	4-1-57 c
LOTS 8,9, & 10 AND THE W25' OF LOTS 1,2,3, & 4 BLOCK 12, MILLER'S ADDITION	4-1-57 c
LOTS 13 & 14, BLOCK 6 AND LOTS 13 & 14, BLOCK 14, MILLER'S ADDITION	4-1-57 c
PORTION OF THE SE 1/4 OF THE NW 1/4 OF SECTION 10	4-1-57 c
LOTS 1 & 2 BLOCK 2, EVERETT'S SECOND ADDITION	4-1-57 c
TRACTS 1,2,3,5,6,7,8,9,17 & 18 SUNRISE ADDITION	4-1-57 c
ALL OF BLOCK 9, GRASSMERE	4-1-57 c
PORTIONS OF THE NE 1/4 OF THE SW 1/4 AND NW 1/4 OF THE SE 1/4 OF SECTION 10	4-1-57 c
PORTION OF BLOCK 10, PLAT OF GRASSMERE	4-1-57 c
PORTION OF THE NE 1/4 OF THE SW 1/4 OF SECTION 10	4-1-57 c
PORTION OF THE W 1/2 OF THE SW 1/4 OF SECTION 10	4-1-57 c
LOT 8, BLOCK 1, EVERETT'S GARDEN TRACTS	1961 c

- (1) INCLUDED IN PLANT SITE VALUE
(2) LAND IN THE TOWN OF CONCRETE, OTHER THAN PLANT SITE, VALUED AT \$102,800.00

NW 1/4 of Section 11 ? 35 - 8

OPTION - EXHIBIT B

Attached are a Permit Status Summary dated April 30, 1982 and a Trip Report current as of mid-June, 1982. Any statements contained in either document indicating that permits were to be renewed should not be relied upon because preliminary investigation reveals that many of these permits were not renewed and have, in fact, expired.

NORTHWEST PROJECT NO. 492

ENVIRONMENTAL PERMITTING

TRIP REPORT - June 8-11, 1982

Submitted by: J. Bradford, Project Manager
W. Greer, Director-Environmental Services

General

We, along with Al Mueller, met with Jim Murray, Bechtel, on Wednesday, June 9, in Bechtel's San Francisco Office to review the environmental permitting, discuss phasing out Bechtel's permitting responsibilities and the relinquishing of Bechtel's project files to Lone Star. Jim sees no problem with the files but requested and received permission to keep copies of the EIS and all permit applications for the Bechtel files. It was also agreed that Thursday, June 10, would end Bechtel's permitting responsibilities with the exception of possible consultations that may be needed from time to time.

During the course of the meeting, Jim Bradford received from Al Mueller a copy of the request from the Town of Concrete for reimbursement of funds in the amount of \$29,932.00 (see attachment) to cover the impact on the Town of our decision to defer construction of the project.

Subsequent to this meeting we, along with Jim Murray, proceeded to Seattle for meetings on June 10 with Bechtel's EPA, DOE and NWAPA contacts developed during the permitting application phase. Results of these meetings are covered below under "Permit Status". Of pertinent understanding at this time is that the applying for and receiving the first one-year extensions to the PSD and the NWAPA "Permit to Construct" should evoke no real problems. * However additional extensions will most likely be more difficult to obtain depending upon the area emissions inventory available and the number of firm new applications against the inventory. According to Glen Hallman (NWAPA) the second request for "Permit to Construct" extension could require a repeat of the full application process or necessitate applying under a variance procedure which can be as lengthy as an initial application. Either of these procedures would again open the door to public comment and the environmentalists. Presently the "Permit to Construct" carries the most critical data as a one-year extension would expire October 14, 1983 whereas the PSD expiration date for a one-year extension would be July 25, 1984.

While in the Seattle area, a short meeting was held with Earl Angevine of Angevine, Johnson & Barth. Earl has five permits requiring follow through on SEPA notification of issuance which he agreed to start processing. We also have two Town of Concrete permits - Industrial Rezone and Conditional Use - which are approved but require the writing of permit conditions before SEPA notification can commence. Earl is to check with the Town Attorney on this matter as well as with the County and Town on the following permits:

- Revision to Shoreline Master Program
- Shoreline Substantial Development/Conditional Use/Variance
- Special Use
- Comprehensive Plan Amendment
- Industrial Rezone
- Conditional Use

These permits have no expiration dates and the concern here is how long they will remain effective and can they be revoked.

Permit Status

Forest Practice Permit expires 10/7/82.

Permit applies to tree removal and conversion of land from forestry to industrial for the quarry, overburden pile and belt conveyor R-O-Ms. Renewal requires annual submittal of the application and a declaration of conversion. There is no fee required. Permit is contingent upon Hydraulic Project Approval which expires 12/1/82 and Shoreline Substantial Development Permit which currently has no expiration date. Permit will be maintained at the present level of 162.5 acres to be clear cut. This permit will need to be coordinated through Tommy Wells, Seattle Plant Manager, per Al Mueller's instructions, to insure coverage of all logging operations and field verification that logging practices meet the permit requirements, particularly the maintaining of the 50-foot wide buffer strip along the property lines between our property and adjacent properties. Prior to the construction deferral announcement, the difficulty of establishing in the field the existence of property line monuments was recognized and the resolution of their locations underway. Unfortunately this work was not completed; consequently the property line locations are still not satisfactorily resolved. According to Ed Via, Harold P. Rader, Registered P.E. and Land Surveyor, has in the past performed considerable survey work in the quarry area locating drill holes, establishing a grid system and installing property line monuments. As Tommy Wells was not available, Ken Rone, Assistant Plant Manager, Seattle, has been asked to establish a contact for Rader, if possible, and notify Jim Bradford for follow-up. Necessary steps are to be taken prior to the end of June to procure from the DNR the necessary forms and procedures to follow for renewal.

Surface Mining Permit expires 2/8/83.

This permit, also processed through the DNR, allows for the opening of the quarry and stipulates the reforestation requirements. The permit is subject to a valid Skagit County Special Use Permit which currently has no expiration date. At time of renewal requires a \$25.00 fee plus a reclamation bond in the amount of \$134,500.00 covering approximately 125 acres. Annual premium for the bond is approximately \$510.00. The intent in the request for extension would be to maintain the permit as it is presently written and continue with the clear cutting in the glory hole area and the upper quarry opening area. With these areas having been clear cut, an immediate on-site move for opening the new quarry can be accommodated at the project restart, if desired. If the period of time between completion of the clear cutting and the start of quarry opening is appreciable (maximum of three years) it would become necessary to reforest in compliance with the permit conditions recognizing that a portion of the seedlings planted would be lost when quarry work started. However the income from the logging operation would more than offset the nominal cost of the seedlings and their planting.

PSD Permit expires 7/25/83.

Michael Johnston, Chief-Air Operations, EPA Region X, felt there would be no difficulty in applying for and receiving a one-year extension. He also suggested that we allow at least two months lead time when applying, that the letter of request present our best case as to why construction is being postponed and that BACT is still applicable.

Permit to Construct expires 10/14/82.

According to Glen Hallman, NWAPA Air Pollution Control Officer, extensions are granted on a year-to-year basis with no real problem in getting approval of the first year extension. He advised that a NWAPA Board Meeting is scheduled for September 9, 1982 and suggested we have our request submitted prior to this date. With this in mind, the request will be prepared and forwarded to the NWAPA no later than July 15. At Glen's recommendation, the request will include the reason for construction postponement, that in our opinion BACT will be applicable, a copy of the original permit approval letter and a \$25.00 filing fee.

FAA Determination of No Hazzard expires 5/23/83 - Lake Shannon;
5/30/83 - Town of Concrete

No known difficulty in receiving extensions. Will contact FAA within the next few weeks to determine formalities for extension application.

NPDES Permit expires five years from issuance.

This permit is approved and can be issued at any time. However, Dave Nunnallee, State DOE, advises that once issued the permit cannot be assigned to another and to change the name of the permittee requires a run through the permit process again - a period of two to four months. We advised Dave Nunnallee not to issue the permit until we provide him with the permittee name. Ed Winkler has been notified of this problem and is to advise resolution.

Permit to Appropriate Public Waters

Herman Huggins of the State DOE advised that the permit for the well is in the final stages of bureaucratic review and will be issued shortly. He can grant temporary authorization to use the water if necessary. We also found out that if any of the water collected in the two proposed settling ponds is to be used for quarry road dust suppression, etc., we must get another Permit to Appropriate Public Waters. The necessary form was obtained and will be held until use of the water is decided.

Hydraulic Project Approval expires 12/1/82

Other permits are contingent on this permit having a valid status. A letter to the State Department of Fisheries and Game is all that is required for renewal.


J. Bradford


W. Greer

Permit Status Summary
Northwest Project
30 April 1982
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
State Dept. of Ecology (cont'd)	Wastewater Trmt. Facility Approval	<p>Engineering Report be approved by Dec. 11, 1981. Final facility approval will follow review of final plans & specs provided by contractor.</p> <p>Engineering Report Submitted: September 1, 1981 Engineering Report Approval: December 11, 1981 Final Plans & Specs Submitted: Contractor to provide Final Plans & Specs Approved: SEPA Notifications of Issuance: _____ (+ 30 day appeal)</p>
	Permit to Appropriate Public Waters # G123877	<p>DOE must conduct field survey, publish findings, and have ISI review findings report prior to issuance.</p> <p>Application Submitted: July 1, 1981 Public Notices: August 21 & 28, 1981 Permit Issued: _____ SEPA Notifications of Issuance: _____ (+ 30 day appeal)</p>
Federal Avia- tion Admin.	Determination of No Hazard; Nos. -81-ANW-190-OE -81-ANW-191-OE -81-ANW-192-OE -81-ANW-253-OE	<p>Lake Shannon Facilities Approved. Concrete Facilities Approved. SEPA Notification not required. FAA must be notified of crane heights and construction completion.</p> <p>Application for Lake Shannon Facilities Submitted: September, 1981 Determination for Lake Shannon Facilities Issued: October 14, 1981 Application for Concrete Facilities Submitted: November, 1981 Determination for Concrete Facilities Issued: November 30, 1981 FAA Notification of Crane Heights: _____ FAA Notification of Construction Completion: _____ Expiration Date for Lake Shannon Facilities: May 23, 1983 Expiration Date for Concrete Facilities: May 30, 1983</p>

Permit Status Summary
Northwest Project
30 April 1982
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Depts. of Fisheries & Game	Hydraulic Project Approval	<p>Approvals issued. SEPA Notification required.</p> <p>Application Submitted: August 3, 1981 Two Approvals Issued: October 19, 1981 SEPA Notifications of Issuance: Pending (+ 30 day appeal) Expiration Date: December 1, 1982</p>
Dept. of So- cial & Health Services	Public Water Supply Approval	<p>Contractor to commence obtaining this approval once well has been drilled.</p> <p>Plans Submitted: _____ Plans Approved: _____ SEPA Notifications of Issuance: _____</p>
Commerce & Economic Dev.	Economic Assistance Authority-Tax Deferral # 81-44	<p>Sales and Use Tax Deferrals Granted: December 18, 1981 Additional Information Requested: January 4, 1982</p>
<u>SEATTLE PLANT</u>		
Puget Sound Air Pollution Control Auth.	Permit to Construct/ Banking of Emissions # 2305	<p>**Approved**</p> <p>Application Submitted: September 2, 1981 Permit Issued: September 21, 1981 SEPA Notifications of Issuance: March 26, 1982 Start-up Notification: 30 days prior Operating Permit Application: After start-up Renew Operating Permit: Annually</p>
City of Seattle	Master Use Permit # 81265-0348	<p>**Approved**</p> <p>Application Submitted: September 9, 1981 Public Notice: October 8 & 15, 1981 Seattle Proposed Declaration of Non Significance: December 7, 1981 Final Declaration of Non Significance: December 28, 1981 DOE Review Completed: January 17, 1982 Permit Issued: January 17, 1982 SEPA Notifications of Issuance: March 26, 1982</p>

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PERMIT STATUS SUMMARY

Northwest Project
30 April 1982

LAKE SHANNON/CONCRETE FACILITIES

<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Skagit County	Environmental Impact Statement	**Approved** Draft Issued: July 17, 1981 Final Issued: September 4, 1981
	Revision to Shoreline Master Program	**Revision Complete** Skagit County Planning Commission Approval: July 13, 1981 Skagit County Commissioner's Approval: July 20, 1981 Revision Recorded with DOE Code Revisor: August 5, 1981 DOE Public Hearing: September 8, 1981 DOE Decision to Adopt Revision: September 23, 1981 Revision Effective: October 23, 1981
	Shoreline Substantial Development/Conditional Use/ Variance; #15-81	**Approved** Application Submitted: August 5, 1981 Skagit County Planning Commission Public Hearing: September 21, 1981 Skagit County Commissioner's Approval: September 29, 1981 SEPA Notification of Issuance: October 16, 1981 DOE Approval of Permit: November 18, 1981 Permit Effective: December 18, 1981

****** ****** = no more action required

Permit Status Summary
Northwest Project
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Skagit County (Cont'd)	Special Use Permit # SP-81-025	<p>**Approved** Permit Issued and SEPA Notification completed.</p> <p>Application Submitted: August 5, 1981 Skagit County Planning Commission Public Hearing: September 21, 1981 Skagit County Commissioner's Approval: September 29, 1981 SEPA Notifications of Issuance: October 16 & 23, 1981 Permit Effective: November 23, 1981</p>
Corps of Engineer	Section 404	<p>**Permit not required** Corps has determined that a section 404 permit will not be required if project places no fill material in Lake Shannon or Everett Lake.</p> <p>Request for Section 404 Applicability: June 18, 1981 Letter of Non-Applicability: July 9, 1981</p>
Department of Natural Re- sources	Forest Practices Permit # FP 190 4956	<p>Permit has been issued. SEPA Notification required.</p> <p>Application Submitted: September 9, 1981 Permit Issued: October 7, 1981 SEPA Notification of Issuance: Renew Before: October 7, 1982</p>
	Surface Mining Permit # 12195	<p>Permit has been issued. SEPA Notification required.</p> <p>Application Submitted: September 8, 1981 Conditional Permit Issued: December 8, 1981 Lone Star Furnishes Reclamation Bond: February 1, 1982 Permit Issued: February 8, 1982 SEPA Notifications of Issuance: Renew Before: February 8, 1983</p>

****** = no more action required

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Northwest Project
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Dept of Nat. Res. (cont'd)	Right-of-Way Across Aquatic State owned Lands; Agreement No. 44338	<p>Approved: SEPA Notification Can Commence</p> <p>Application Submitted: October 15, 1981 ROW Issued: January 27, 1982 LSI Transmitted \$90 fee March 12, 1982 SEPA Notifications of Issuance: (+ 30 day appeal)</p>
Town of Con- crete	Comprehensive Plan Amendment	Approved
	Industrial Rezone Permit	Approved: Concrete is in process of writing permit conditions. Upon their issuance, SEPA Notification can commence.
	Conditional Use Permit	Approved: Concrete is in process of writing permit conditions. Upon their issuance, SEPA Notification can commence.
		<p>Applications Submitted: August 1, 1981 Concrete Planning Commission Hearing: September 23, 1981 Concrete Town Council Approval: October 14, 1981 SEPA Notifications of Issuance: Pending-writing of conditions</p>
EPA	PSD; X82-03	<p>**Approved**</p> <p>Application Submitted: June 8, 1981 Public Notice-Intent to Approve: November 20, 1981 Permit Issued: January 25, 1982 Permit Effective: February 24, 1982 Judicial Appeal Period Ends (per Federal Register Procedures) April 4, 1982 Expiration Date: (Unless Construction Started) July 25, 1983 Start-up Notification: 30 days prior to start-up</p>

Permit Status Summary
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Northwest Air Pollution Con- trol Authority	Permit to Construct	<p>Permit Issued. SEPA Notification required.</p> <p>Application Submitted: June 8, 1981 Public Notice Hearing: October 14, 1981 Permit Issued: October 14, 1981 SEPA Notifications of Issuance: Pending (+ 30 day appeal)</p> <p>Expiration Date Unless Construction started before: October 14, 1982 Start-up Notification: 30 days prior Operating Permit Application: After start-up Renew Operating Permit: Annually</p>
State Office of Archaeologi- cal & Historic Preservation	Archaeological Approval of Project	<p>Approval issued, but State wants to take addi- tional photos.</p> <p>Request for Approval Submitted: July 29, 1981 OAHIP Request to Skagit County for photos: August 26, 1981 Photos Submitted: November 13, 1981 Approval Issued: January 12, 1982</p>
State Dept. of Ecology	NPDES # WA-003040-6(I)	<p>DOE has given intent to approve which require public notice.</p> <p>Application Submitted: June 25, 1981 DOE Draft Issued: January 20, 1982 Public Notice: (+ 30 day comment period)</p> <p>Permit Issued: SEPA Notifications of Issuance: (+ 30 day appeal) Renew Before: 5 years from Issuance</p>

Permit Status Summary
Northwest Project
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
State Dept. of Ecology (cont'd)	Wastewater Trmt. Facility Approval	<p>Engineering Report be approved by Dec. 11, 1981. Final facility approval will follow review of final plans & specs provided by contractor.</p> <p>Engineering Report Submitted: September 1, 1981 Engineering Report Approval: December 11, 1981 Final Plans & Specs Submitted: Contractor to provide Final Plans & Specs Approved: SEPA Notifications of Issuance: _____ (+ 30 day appeal)</p>
	Permit to Appropriate Public Waters # G123877	<p>DOE must conduct field survey, publish findings, and have LSI review findings report prior to issuance.</p> <p>Application Submitted: July 1, 1981 Public Notices: August 21 & 28, 1981 Permit Issued: _____ SEPA Notifications of Issuance: _____ (+ 30 day appeal)</p>
Federal Avia- tion Admin.	Determination of No Hazard; Nos. -81-ANW-190-OE -81-ANW-191-OE -81-ANW-192-OE -81-ANW-253-OE	<p>Lake Shannon Facilities Approved. Concrete Facilities Approved. SEPA Notification not required. FAA must be notified of crane heights and construction completion.</p> <p>Application for Lake Shannon Facilities Submitted: September, 1981 Determination for Lake Shannon Facilities Issued: October 14, 1981 Application for Concrete Facilities Submitted: November, 1981 Determination for Concrete Facilities Issued: November 30, 1981 FAA Notification of Crane Heights: _____ FAA Notification of Construction Completion: _____ Expiration Date for Lake Shannon Facilities: May 23, 1983 Expiration Date for Concrete Facilities: May 30, 1983</p>

Permit Status Summary
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<u>Agency:</u>	<u>Permit Title:</u>	<u>Status & Key Dates:</u>
Depts. of Fisheries & Game	Hydraulic Project Approval	<p>Approvals issued. SEPA Notification required.</p> <p>Application Submitted: August 3, 1981</p> <p>Two Approvals Issued: October 19, 1981</p> <p>SEPA Notifications of Issuance: Pending (+ 30 day appeal)</p> <p>Expiration Date: December 1, 1982</p>
Dept. of Social & Health Services	Public Water Supply Approval	<p>Contractor to commence obtaining this approval once well has been drilled.</p> <p>Plans Submitted: _____</p> <p>Plans Approved: _____</p> <p>SEPA Notifications of Issuance: _____</p>
Commerce & Economic Dev.	Economic Assistance Authority-Tax Deferral # 81-44	<p>Sales and Use Tax Deferrals Granted: December 18, 1981</p> <p>Additional Information Requested: January 4, 1982</p>
<u>SEATTLE PLANT</u>		
Puget Sound Air Pollution Control Auth.	Permit to Construct/ Banking of Emissions # 2305	<p>**Approved**</p> <p>Application Submitted: September 2, 1981</p> <p>Permit Issued: September 21, 1981</p> <p>SEPA Notifications of Issuance: March 26, 1982</p> <p>Start-up Notification: 30 days prior</p> <p>Operating Permit Application: After start-up</p> <p>Renew Operating Permit: Annually</p>
City of Seattle	Master Use Permit # 81265-0348	<p>**Approved**</p> <p>Application Submitted: September 9, 1981</p> <p>Public Notice: October 8 & 15, 1981</p> <p>Seattle Proposed Declaration of Non Significance: December 7, 1981</p> <p>Final Declaration of Non Significance: December 28, 1981</p> <p>DOE Review Completed: January 17, 1982</p> <p>Permit Issued: January 17, 1982</p> <p>SEPA Notifications of Issuance: March 26, 1982</p>

EXHIBIT IV

LEASE

THIS LEASE is entered into as of _____, 1984, by and between LONE STAR INDUSTRIES, INC., a Delaware corporation ("Lessor") and ASH GROVE CEMENT COMPANY, a Kansas corporation ("Lessee").

1. Lease. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the real property and improvements described as follows (the "Premises"):

Lots 11, 12 and 13 of Block 1, Superior
Addition to the town of Concrete in the county
of Skagit and the state of Washington

Lessor covenants that Lessee shall and may peaceably and quietly have, hold and enjoy the Premises for the term of this lease.

2. Term and Rental. The term of this lease shall be for a period of five years commencing on the date hereof, provided, that the term of this lease shall be automatically extended upon the election by Lessee to extend the term of its option to purchase granted by Lessor simultaneously herewith until termination of the option. Lessee shall pay to Lessor as rent the sum of \$100 per year (or any portion thereof) during the term of this lease. Rent shall be payable on or before the first day of each lease year.

3. Possession. Lessee's right to possession under this lease shall begin upon commencement of the term of this lease.

4. Property Taxes. Lessee shall pay when due that portion of any real or personal property taxes and assessments paid by Lessor which are allocable to the Premises.

5. Utilities. Lessee shall pay for all heat, light, water, power and other services used on the Premises during the term of this lease.

6. Insurance. Lessee shall, at its expense, keep in effect on the Premises fire insurance with extended coverage endorsement in the amount of \$50,000 and liability insurance in the amount of \$1,000,000. Lessee shall provide Lessor with a certificate of insurance showing Lessor as an additional insured. Lessee agrees to hold Lessor harmless from any damage to the Premises not covered by insurance. Lessee shall obtain from its insurance carrier a waiver of subrogation against Lessor.

7. Use of the Premises by Lessee. Lessee may use the Premises for any lawful use or purpose.

8. Use of Premises by Lessor. During the initial year of this lease, Lessor shall be entitled to use the Premises on the dates for which, prior to the date of this Lease, Lessor made commitments for the use of the Premises. While using the Premises Lessor agrees to maintain the Premises in good order.

9. Repairs and Maintenance. Lessee agrees to maintain the Premises in good order and repair during the entire term of this lease at Lessee's own cost and expense.

10. Termination. At any termination of this lease or any tenancy thereafter, Lessee shall surrender the Premises to Lessor, subject to ordinary wear and tear. Any holdover by Lessee after any termination of this lease shall create no more than a month-to-month tenancy at the rent then paid and on all other applicable conditions herein provided.

11. Taxes and Liens. Lessee shall have the right to contest, in its and Lessor's name, any assessment for and/or levy of real or personal property taxes on the Premises; and at Lessee's request, Lessor shall execute such documents, make such appearances and do such other things as Lessee may reasonably request in connection with the prosecution of any out-of-pocket contest. Lessee shall reimburse Lessor on demand for any expenses incurred by Lessor in connection therewith. Lessee will not permit any lien of any kind to be placed on the Premises other than liens created by Lessor and the lien of taxes not yet due.

12. Recording. At Lessee's request Lessor shall execute and acknowledge a memorandum of this lease in a form suitable for recording and Lessee may record the memorandum.

13. Assignment. Lessee's rights under this lease may not be assigned except to Oregon Portland Cement Company, a Nevada corporation. Any such assignment shall not release Lessee of its obligations hereunder.

14. Parties Affected. This lease shall be binding upon and inure to the benefit of the parties, their respective representatives, heirs, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this lease as of the date first written above.

LONE STAR INDUSTRIES, INC.

By _____
Title _____

Lessor

ASH GROVE CEMENT COMPANY

By _____
Title _____

Lessee

EXHIBIT V

The property subject to the Right of First Refusal outlined in Section 11 is described as follows:

South 600 feet of the Northwest quarter of the Southeast quarter of Section 12, Township 22 North, Range 4 East, W.M., lying West of the Northern Pacific Railway Company right-of-way, County of King, State of Washington.